Delta Air Lines

Baird 2019 Global Industrial Conference

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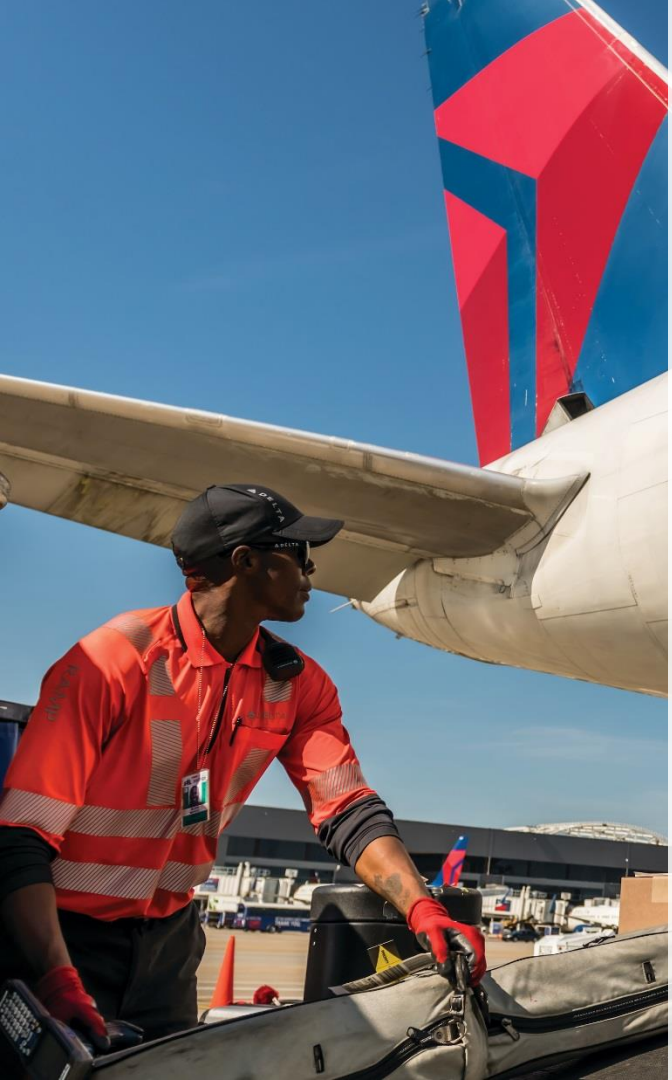
November 7, 2019

Safe Harbor

Statements in this presentation that are not historical facts, including statements regarding our estimates, expectations, beliefs, intentions, projections or strategies for the future, may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from the estimates, expectations, beliefs, intentions, projections and strategies reflected in or suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the cost of aircraft fuel; the availability of aircraft fuel; the impact of fuel hedging activity including rebalancing our hedge portfolio, recording mark-to-market adjustments or posting collateral in connection with our fuel hedge contracts; the performance of our significant investments in airlines in other parts of the world; the possible effects of accidents involving our aircraft; breaches or security lapses in our information technology systems; disruptions in our information technology infrastructure; our dependence on technology in our operations; the restrictions that financial covenants in our financing agreements could have on our financial and business operations; labor issues; the effects of weather, natural disasters and seasonality on our business; the effects of an extended disruption in services provided by third parties; failure or inability of insurance to cover a significant liability at Monroe's Trainer refinery; the impact of environmental regulation on the Trainer refinery, including costs related to renewable fuel standard regulations; our ability to retain senior management and key employees; damage to our reputation and brand if we are exposed to significant adverse publicity through social media; the effects of terrorist attacks or geopolitical conflict; competitive conditions in the airline industry; interruptions or disruptions in service at major airports at which we operate; the effects of extensive government regulation on our business; the sensitivity of the airline industry to prolonged periods of stagnant or weak economic conditions; uncertainty in economic conditions and regulatory environment in the United Kingdom related to the exit of the United Kingdom from the European Union; and the effects of the rapid spread of contagious illnesses.

Additional information concerning risks and uncertainties that could cause differences between actual results and forward-looking statements is contained in our Securities and Exchange Commission filings, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. Caution should be taken not to place undue reliance on our forward-looking statements, which represent our views only as of November 7, 2019, and which we have no current intention to update.



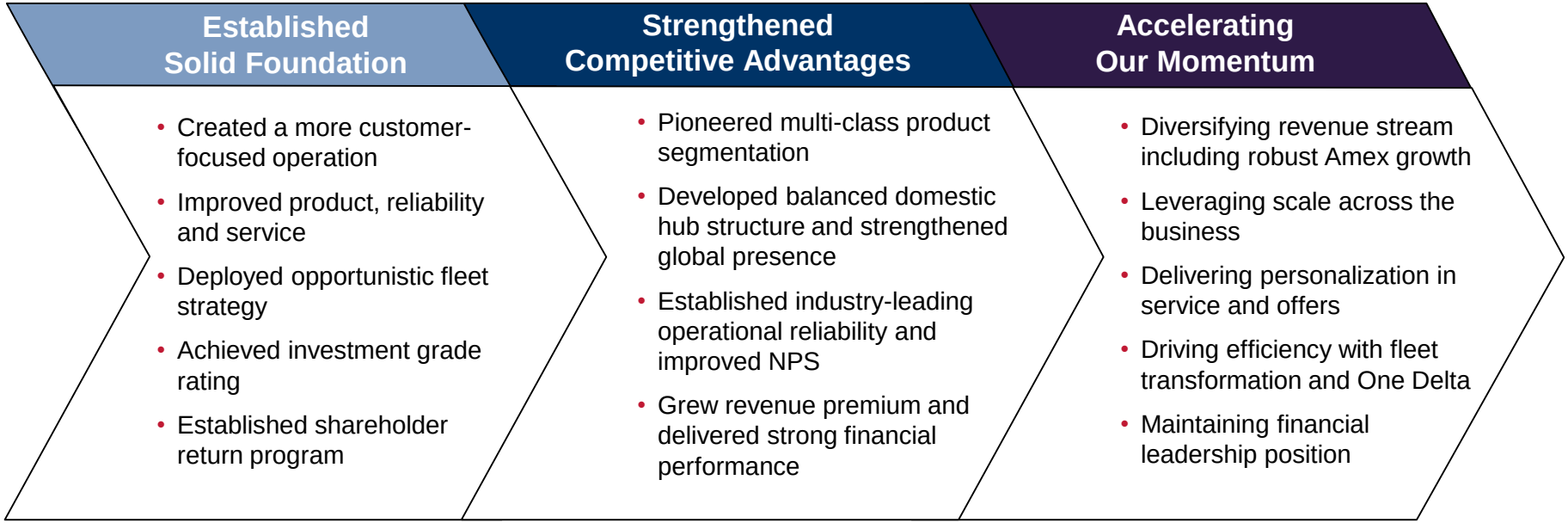
Current State of the Business

- On track to achieve December quarter earnings and revenue guidance
  - Revenue environment remains solid driven by corporate and leisure demand as well as diverse revenue streams
- Expect industry-leading free cash flow generation of more than $4 billion for the full year with $3 billion returned to shareholders
- Consistently running the industry's best operation with record load factors, strong brand momentum and growing loyalty base
  - Enabled by our employees and unique culture, Delta's strongest competitive advantage

On track to deliver ~7% top-line growth, solid margin expansion and more than 20% growth in EPS in 2019

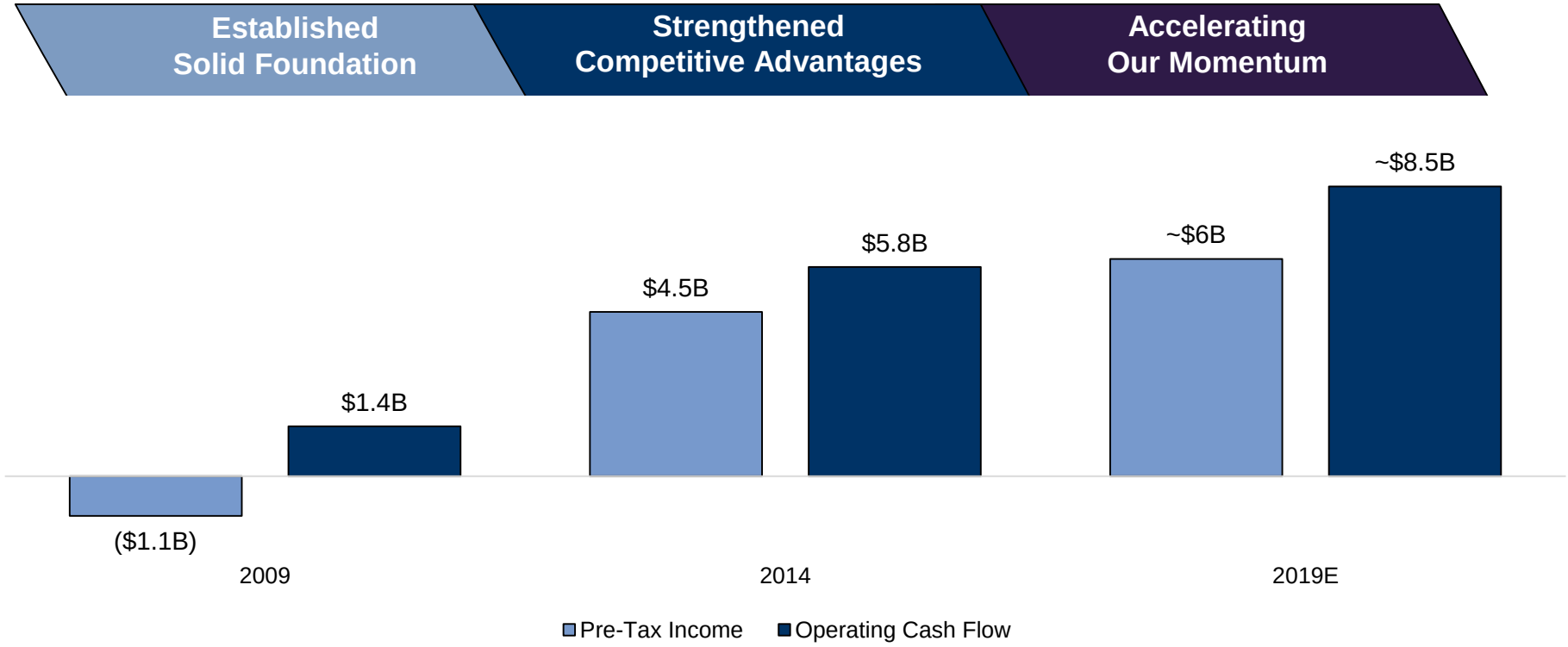
Note: Forward-looking non-GAAP financial measures. See additional information in Appendix

Momentum Building Following Transformational Decade



Delta's Unique Culture Underpins our Success

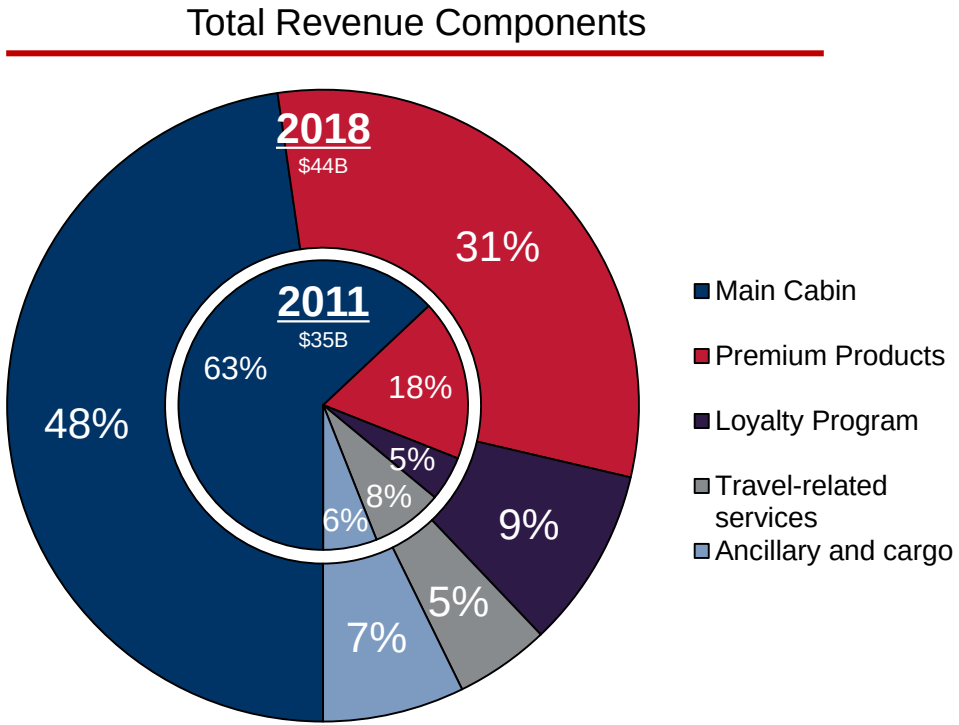
Results Underscore Magnitude of Transformation



Note: Non-GAAP financial measures reconciled in Appendix

Increasingly Diversified Top Line Improves Resiliency

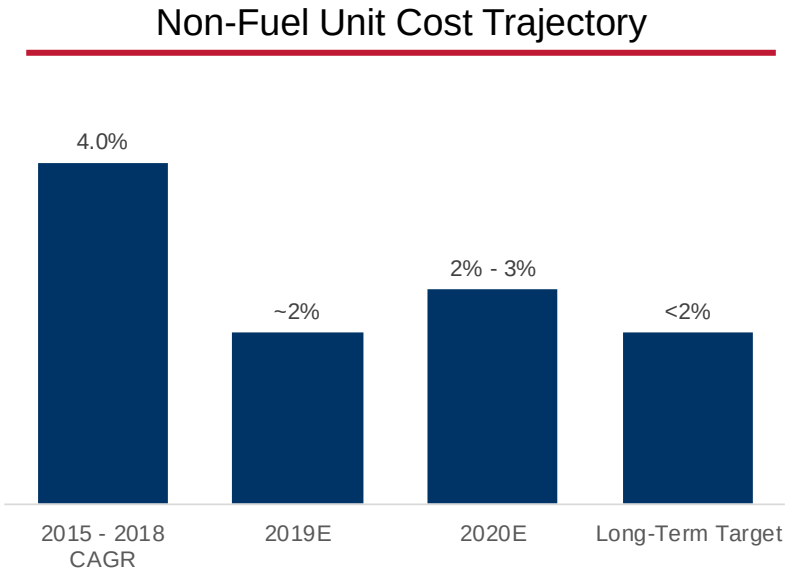
- Larger portion of our revenue is now generated by more diverse, higher-margin revenue streams
- Since 2011, both premium ticket revenue and loyalty have more than doubled, with strong future growth prospects
- Ancillary businesses are increasing in importance given strong growth potential and above-average margins



Note: Ancillary businesses include MRO, DAL Global Services, Delta Private Jets, Delta Vacations, Delta Material Services, and Delta Flight Products; 2018 reflects new accounting standards; DAL Global Services was sold in 2018

Remain Focused on Non-Fuel Expense Trajectory

- Continue to expect non-fuel unit cost growth for 2019 to be approximately 2%
- Full year non-fuel unit cost growth approximately 1 point higher than initial expectations
  - Higher revenue growth, incremental employee costs and one-time liability mark-ups drive increase
- Continue to target non-fuel unit cost growth of 2% or below over the long term
  - Fleet transformation and efficiency initiatives help offset inflationary pressures



Note: Adjusted for special items; non-GAAP financial measures reconciled in Appendix

The Delta Difference



A Powerful Brand

+



Culture



Global Network



Fortress Balance Sheet



Operational Reliability



Customer Loyalty

Unmatched Competitive Advantages

Top-Line Growth

Margin Expansion

Balanced Capital Allocation

Long-Term Value Creation

Q&A



Non-GAAP Reconciliations

Non-GAAP Financial Measures

The following tables show reconciliations of non-GAAP financial measures. The reasons Delta uses these measures are described below. Reconciliations may not calculate due to rounding.

Delta sometimes uses information ("non-GAAP financial measures") that is derived from the Consolidated Financial Statements, but that is not presented in accordance with accounting principles generally accepted in the U.S. ("GAAP"). Under the U.S. Securities and Exchange Commission rules, non-GAAP financial measures may be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. The tables below show reconciliations of non-GAAP financial measures used in this presentation to the most directly comparable GAAP financial measures.

Forward Looking Projections. The company is not able to reconcile certain forward looking non-GAAP financial measures because the adjusting items such as those used in the reconciliations below will not be known until the end of the period and could be significant.

Pre-tax Income/(Loss), Adjusted

We adjust pre-tax income/(loss) for the following items to determine pre-tax income, adjusted for the reasons described below:

MTM adjustments and settlements. Mark-to-market ("MTM") adjustments are defined as fair value changes recorded in periods other than the settlement period. Such fair value changes are not necessarily indicative of the actual settlement value of the underlying hedge in the contract settlement period. Settlements represent cash received or paid on hedge contracts settled during the period.

Equity investment MTM adjustments. We record our proportionate share of earnings/loss from our equity investments in Virgin Atlantic in non-operating expense. We adjust for our equity method investees' MTM adjustments to allow investors to better understand and analyze our core operational performance in the periods shown.

Restructuring and other and Loss on extinguishment of debt. Because of the variability from period to period, the adjustments for these items are helpful to investors to analyze the company's recurring core performance in the periods shown.

(in billions)	Year Ended December 31, 2014	Year Ended December 31, 2009
GAAP Pre-tax income/(loss)	$ 1.1	$ (1.6)
Adjusted for:		
MTM adjustments and settlements	2.3	-
Equity investment MTM adjustments	0.1	-
Restructuring and other	0.7	0.4
Loss on extinguishment of debt	0.3	0.1
Total adjustments	2.4	0.5
Non-GAAP Pre-tax income/(loss)	$ 4.5	$ (1.1)

Non-GAAP Reconciliations

Operating Cash Flow, Adjusted

We adjust operating cash flow for hedge margin because this adjustment removes the impact of current market volatility on our unsettled hedges and allows investors to better understand and analyze the company's core operational performance in the periods shown.

(in billions)	Year Ended December 31, 2014
Net cash provided by operating activities (GAAP)	$ 4.9
Adjustments:	
Hedge margin	0.9
Net cash provided by operating activities, adjusted	$ 5.8

Non-Fuel Unit Cost or Cost per Available Seat Mile, ("CASM-Ex").

We adjust CASM for the following items to determine CASM-Ex for the reasons described below:

Aircraft fuel and related taxes. The volatility in fuel prices impacts the comparability of year-over-year financial performance. The adjustment for aircraft fuel and related taxes allows investors to understand and analyze our non-fuel costs and year-over-year financial performance.

Ancillary businesses and refinery. We adjust for expenses related to aircraft maintenance we provide to third parties, our vacation wholesale operations, our private jet operations as well as refinery cost of sales to third parties. Results also include staffing services performed by DAL Global Services. Because these businesses are not related to the generation of a seat mile, we adjust for the costs related to these areas to provide a more meaningful comparison of the costs of our airline operations to the rest of the airline industry.

Profit sharing. We adjust for profit sharing because this adjustment allows investors to better understand and analyze our recurring cost performance and provides a more meaningful comparison of our core operating costs to the airline industry.

Restructuring and other items. We exclude restructuring and other items from CASM for the same reasons described above under the heading pre-tax income/(loss), adjusted.

	Year Ended December 30, 2018	Year Ended December 30, 2015
CASM (cents)	14.87	13.33
Adjusted for:		
Aircraft fuel and related taxes	(3.43)	(3.07)
Ancillary businesses and refinery	(0.64)	(0.48)
Profit sharing	(0.49)	(0.60)
Restructuring and other items	-	(0.01)
CASM-Ex	10.31	9.17
CAGR	4.0%	